

CAPITAL STRUCTURE, PROFITABILITY, LIQUIDITY, AND SOLVENCY OF BANKING INSTITUTIONS

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ABSTRACT

Purpose - The purpose of this study is to analyze the capital structure, in terms of profitability, liquidity and solvency.

Methodology - Through an empirical and analytical research, the analysis of variance results (ANOVA) of a sample containing financial information from annual report Bank Rakyat Indonesia (BRI) for the year 2008-2016.

Findings - A certain structure – where financial current assets exceed onerous current liabilities, and cyclical current assets exceed cyclical current liabilities – is associated with higher levels of profitability, liquidity and solvency.

Keywords: Capital structure, profitability, liquidity, solvency, banking institutions.

CONCLUSIONS

Capital structures are associated with levels of profitability, liquidity and solvency. The study reiterates the importance of efficient management of capital structure to the performance and survival of Bank Rakyat Indonesia (BRI).

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